

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 1124

92ND GENERAL ASSEMBLY

Reported from the Committee on Commerce and the Environment, March 11, 2004, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

4103S.03C

AN ACT

To amend chapter 386, RSMo, by adding thereto one new section relating to recovery of costs by electrical corporations, with an effective date.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 386, RSMo, is amended by adding thereto one new section, to be known as section 386.385, to read as follows:

386.385. 1. As used in this section, the term "fuel cost" means the amount paid by an electrical corporation for natural gas, oil, or coal, including the transportation thereof, used by the corporation or another entity to generate for or to supply electrical energy to the corporation.

2. Any electrical corporation, as defined in section 386.020, shall be allowed, if the commission finds it to be in the interest of both consumers and the electrical corporation, to recover all of its reasonably and prudently incurred costs for fuel delivered to its generating stations and all of its reasonably and prudently incurred costs for the variable cost component of purchased electrical energy for its retail customers through energy cost adjustment schedules designed to specifically recover such costs.

3. An electrical corporation desiring to collect its energy costs through an energy cost adjustment schedule shall file a proposed schedule with the public service commission for consideration as part of a general rate proceeding unless it has been explicitly permitted to do so by the commission after a contested proceeding.

4. The public service commission shall establish and implement a true-up mechanism, which shall accurately and appropriately remedy any over-collections or under-collections from previous adjustment periods including interest at the electrical corporation's short-term rate, through inclusion of such under or over

recoveries in subsequent energy cost adjustments.

5. The public service commission shall allow modification of the energy cost adjustment schedules authorized by this section to be made every ninety days to reflect increases and decreases in fuel costs and purchased energy costs above or below the costs of such items reflected in the permanent base rates of the electrical corporation on file with and approved by the public service commission, provided that such adjustments shall not include any adjustment for the costs of fuel used to generate electricity sold at wholesale or for the revenues received from sales of electricity at wholesale. Changes in such energy cost adjustments shall be made no more often than every ninety days.

6. An electrical corporation shall not collect an energy cost adjustment for a period exceeding three years unless the electrical corporation has filed for or is the subject of a new general rate proceeding, or unless the electrical corporation has been explicitly permitted to do so by the commission after a contested proceeding. However, the energy cost adjustment may be collected until the effective date of the new rate schedules established as a result of the new general rate proceeding, or until the subject general rate proceeding is otherwise decided or dismissed by issuance of a public service commission order without new rates being established.

7. Once an electrical corporation has begun collecting costs under an energy adjustment clause the electrical corporation shall not withdraw or discontinue the use of an energy cost adjustment clause unless it has been explicitly permitted to do so by the public service commission after a contested proceeding.

8. Nothing in this section shall allow an electrical corporation to avoid any rate freeze, moratorium, or other commitments made in connection with a settlement of any prior proceeding.

9. Nothing in this section shall be construed as limiting the authority of the public service commission, during any general rate proceeding of any electrical corporation, to review and consider fuel costs, purchased electrical energy costs, or other costs, including fuel-related costs.

10. The commission may take into account any reduction in business risk to an electrical corporation resulting from the energy adjustment clause in setting the electrical corporation's allowed return in any rate proceeding.

11. The public service commission shall have authority to implement mechanisms designed to provide the electrical corporation with incentives for performance in the acquisition of fuel and purchased power and to ensure economic dispatch of electricity.

12. An electrical corporation adopting an energy adjustment clause shall at

all times be required to conduct its affairs in a reasonable and prudent manner, and its actions shall be subject to full prudence review on a periodic schedule basis to be proposed by the utility provided that such reviews shall be commenced at least once every thirty-six months, and may be combined with a general rate proceeding.

13. The commission shall adopt regulations to carry into effect the provisions of this section as it may deem necessary.

14. The provisions of this section shall take effect January 1, 2005.

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